

# Exhibit A

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4 ) File No. NY-09875-A  
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6  
7 SUBJECT: Brad Garlinghouse CEO from Ripple,  
8 Digital Ventures Interview - YouTube  
9 PAGES: 1 through 39

## VIDEO TRANSCRIPTION

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## PROCEEDINGS

2 Brad Garlinghouse CEO from Ripple, Digital Ventures  
3 Interview - YouTube  
4 MALE SPEAKER: Great. Thank you very much  
5 Mr. Paul. We appreciate you being on the stage for a  
6 while. With the keynote from Mr. Paul, we give you an  
7 insight and also thoughtful about what is really the  
8 blockchain technology, but at least about the  
9 introductory of the key of the message, which is we're  
10 going to get into about more detail about that. Through  
11 honorable guests, we have learned about this role of the  
12 blockchain, but to go further, we would like to invite  
13 for our guest CEO of the Ripple, Mr. Brad Garlinghouse  
14 with us here, so please welcome Mr. Brad.

15 (Applause)  
16 MALE SPEAKER: What's up, Brad? Good to have  
17 you with us today.

18 MR. GARLINGHOUSE: Great to be here. It's an  
19 honor to be here.

20 MALE SPEAKER: What kind of a world are we  
21 living in where the startup guy dresses like a banker  
22 and the banker dresses up like a startup guy?

23 (Laughter)  
24 MR. GARLINGHOUSE: Look, Ripple is a company  
25 that takes our customers seriously, and I think, as you

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1 already pointed out, there's a lot of stuff going on in  
2 blockchain. Ripple has tried very hard to focus on  
3 solving real problems for real customers, and, we wear  
4 the suit.

5 MALE SPEAKER: Well, then let's go into that,  
6 then. Can you tell us what is Ripple? What is Ripple's  
7 vision for the internet of value? And, frankly, what  
8 does the internet of value mean?

9 MR. GARLINGHOUSE: Sure. So when I think  
10 about the presentation we just saw and what is  
11 blockchain, at the end of the day, I think about  
12 blockchain as something that can enable two parties to  
13 transact without essential counterparties. I've gotten  
14 the question before of is Ripple a blockchain company?  
15 Is Ripple a crypto company? What is Ripple? And I've  
16 said Ripple's a payments company. We're solving a  
17 payments problem. We happen to use blockchain  
18 technologies. We happen to use a digital asset to solve  
19 that problem.

20 But at its core, Ripple is selling solutions  
21 to banks, to financial institutions, to payment  
22 providers globally that enables them to transact with  
23 much lower cost, much faster and to improve -- I'll just  
24 generically for now -- we can go deeper later, but  
25 around how liquidity is managed, how cross-border  
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1 transactions are managed. You're talking about  
2 trillions of dollars that is parked in these events  
3 around the world to help enable payments, and Ripple is  
4 making that far more efficient by using blockchain  
5 technologies and by using a digital asset, the kind of  
6 one that we use is XRP, as you introduced. I can talk  
7 more about how that works, too.

8 MALE SPEAKER: Uh-huh. And before we delve  
9 deeper into Ripple and blockchain and payments, I want  
10 to -- I want to take a step back and get to know a  
11 little bit more about your background because it's quite  
12 interesting. I mean here you are, you're one of the  
13 most prominent figures in the blockchain space today and  
14 yet, you come from neither an engineering/computer  
15 science/cryptography background, nor do you come from  
16 financial services, and you just went off on payments  
17 (laughter). So, you know, what path led you to Ripple?

18 MR. GARLINGHOUSE: Well, I'll tell you a quick  
19 slight tangent on this. When I got the call -- when,  
20 you know, they were looking for a new leader at Ripple,  
21 I got a call, and I was actually, at the time, an Uber  
22 driver. That is a true story. I had taken a month of,  
23 you know, time to do new things and try new things, and  
24 I decided to be an Uber driver.

25 So I know more -- at the time, knew more about  
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1 Uber driving than I did the payments industry. I say  
2 that somewhat in jest, but what's interesting about what

3 Ripple is doing is I think if you have too much of an  
4 insider's view and you come from banking, then you might  
5 not fully appreciate what is possible and, as you  
6 already introduced, all of the different things that you  
7 could do with blockchain. If you come too much from the  
8 product and tech side, there are a lot of people in the  
9 blockchain community, I think, they think about the tech  
10 and the product first and not the problem they're trying  
11 to solve.

12 I think what Ripple has been effective at  
13 doing is bringing together three legs to a stool. We  
14 have four legs here, I'm trying to think what my fourth  
15 could be, but three legs to the stool. One is -- it is  
16 understanding banking and understanding payments. The  
17 second is you've got to have really robust technology.  
18 You have to have an excellent product that's solving a  
19 real problem.

20 But the third is we live in a regulated world,  
21 and these three legs of the stool, we have people at  
22 Ripple who come from regulatory backgrounds, who come  
23 from deep in the tech space background, and certainly  
24 people in the in the banking background, and I get to be  
25 And I the ring master of this experience. And I think  
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1 my experience in Silicon Valley, I moved there 20 years  
2 ago, at the birth of the internet. When I moved to  
3 Silicon Valley, you know, Netscape was a couple of years  
4 old; Google didn't exist; amazon was just a bookseller.  
5 And when I look at that experience 20 years ago and how  
6 I apply it to blockchain today, I think there's a lot of  
7 similarities.

8 There's a movement happening in terms of how  
9 blockchain can change industries. Twenty years ago, we  
10 talked about the internet. We talked about how the  
11 internet is going to change industries. What I think is  
12 exciting is it's very difficult to predict how  
13 blockchain technologies are going to change industries  
14 over 20 years. In the same manner, 20 years ago, I  
15 couldn't have predicted the internet would enable me to  
16 click a button on my phone and get on demand cars or  
17 food or dog walking or anything else you might want.

18 MALE SPEAKER: And you've worked with some of  
19 the storied names of Silicon Valley. Have those  
20 experiences been sort of building blocks that have  
21 successfully led you towards Ripple or has it been a bit  
22 of a meandering path where you just sort of found  
23 yourself, all of the sudden, running one of the most  
24 prominent crypto blockchain payments companies in the  
25 world?  
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1 MR. GARLINGHOUSE: Well, look, I think, in  
2 some ways, luck beats skill and so I think Ripple has  
3 made a lot of smart decisions. We've also been  
4 fortunate to find ourselves in the right place at the

5 right time. There is, I think, appropriately, a lot of  
6 excitement around blockchain. There should be. But I  
7 think the hype, in many cases, is ahead of the reality.

8 Within that excitement, Ripple's focus on  
9 solving a real problem for real customers and being  
10 really the only blockchain company with real production  
11 customers has put us in a really powerful position.  
12 What has served me well over the last 20 years in  
13 Silicon Valley looking at these opportunities is  
14 thinking about at the end of the day, you've got to  
15 solve a real problem.

16 As we talk about ICOs and I know, you know,  
17 it's one of the topics we'll cover today, if you're not  
18 solving a real problem, if there's not real utility, you  
19 have to ask yourself well why, what is the point here.  
20 And I think that when I think about the long term value  
21 of XRP, when I think of the long term value of any  
22 digital asset, it's about the utility, the problem it's  
23 solving and the size of that problem. If there's real  
24 utility, then over an arch of time, the value of that  
25 token is going to reflect the value in solving that

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1 problem and delivering on that utility.

2 MALE SPEAKER: So, given your background and  
3 given the importance of blockchain today, is it a fair  
4 assessment to say that it is the responsibility of  
5 everyone in the organization, regardless of rank or  
6 background or training, to understand blockchain, the  
7 implications of blockchain? Or is it too complex or too  
8 nuanced and best left for the CTOs and corporate  
9 strategists?

10 MR. GARLINGHOUSE: Well, I'd answer that  
11 question the same way I'd answer the question in the  
12 context of the internet. How many people really  
13 understand things like SMTP? SMTP is the guts of how  
14 email works. The number of people who use email that  
15 understand SMTP, that's a limited set. I don't think  
16 you need to understand the cryptography behind  
17 blockchain, the intricacies of how ledgers are  
18 distributed and how nodes validate transactions.

19 What you need to be able to understand is that  
20 is it solving a problem? And again, to me, sometimes we  
21 get too caught up in the technology. We get too caught  
22 up in almost religious arguments about decentralization  
23 nor not decentralization, and it comes down to like can  
24 we solve a real problem? You know, I even think as you  
25 think about some of your presentation earlier, one

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1 important question I think we should all ask ourselves  
2 when we're seeing a blockchain company is would a  
3 database work better.

4 I think a lot of times we say oh, it's cool,  
5 it's hot, it's blockchain. Buzzword, blockchain. But  
6 guess what? There's a lot of times I see blockchain

7 startups that come to meet with me at Ripple or I read  
8 about in the media and I think, huh, a database would  
9 work a lot better than a blockchain in that situation.  
10 And that's an example to me of the hype getting ahead of  
11 the reality. People shouldn't use a blockchain just  
12 because it's a cool buzzword. It's like big data or AI.  
13 We should ask ourselves is this uniquely solving a  
14 problem for this problem. And I think there's plenty of  
15 examples where that's not always the case.

16 MALE SPEAKER: And do you think that's really  
17 just a symptom of people getting seduced by all of the  
18 hype and activity and valuation out there?

19 MR. GARLINGHOUSE: I think it's people getting  
20 seduced by easy money, easy capital, right? You know,  
21 lots of entrepreneurs, and, by the way, I -- in my 20  
22 years in Silicon Valley, I've been involved in lots of  
23 startups and raised capital and been at companies. It's  
24 been hard to raise capital; it's been easy to raise  
25 capital. ICOs have made capital raising -- has reduced  
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1 the fiction and has exposed that opportunity to  
2 sometimes unqualified participants.

3 And so I think the seduction is in if you make  
4 it far less friction and far less oversight in how you  
5 raise capital, people are going to say hey, I got a  
6 token. Whether or not that token does anything to  
7 actually solve a problem became secondary, and it's  
8 certainly one of the reasons why I have been proactive  
9 in speaking out. I think people's excitement about ICOs  
10 is way out of step with the reality. Well, I'll leave  
11 it at that.

12 MALE SPEAKER: Well, let's pause the ICO  
13 discussion because I'd love to hear more about it, but  
14 you're here in your capacity as Ripple, and it's  
15 probably best for us to understand a little bit more  
16 about how your technology works. So can you start by  
17 explaining to the audience, particularly those of us  
18 that aren't bankers how international remittances work  
19 today and how Ripple intends to upend that process and  
20 what's the role of the XRP token in all of that?

21 MR. GARLINGHOUSE: Right. So today, if Paul  
22 and I decided we wanted to send \$10,000 to San  
23 Francisco, where I live, it would be a whole lot faster  
24 for us to go buy a plane ticket at the Bangkok airport  
25 and fly it there than to actually use what's called the  
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1 correspondent banking system to get it there. So  
2 correspondent banking is the nature of how it was  
3 developed in really the 70s. There's something called  
4 swift messaging that confirms transactions, and it's  
5 basically just a set of instructions from one bank to  
6 another bank to another bank to another bank that allows  
7 money to move.

8 It is slow. It is expensive. And there's

9 very little transparency in how that works. So an  
10 amazing -- two amazing stats on that transparency point,  
11 one is that even swift would tell you there is a six  
12 percent error rate in those global transactions. Think  
13 about that. And for those of us that are in the tech  
14 world, we aspire to have three nines or four nines or  
15 even five nines reliability. Our global financial  
16 infrastructure has one nine of reliability. That's  
17 pretty embarrassing when you think about the fact that I  
18 can stream video from the Space Station and it takes  
19 me -- you know, flying money there is the most efficient  
20 way to move money from Point A to Point B, across  
21 networks.

22 So I look at that existing banking system and  
23 the intermediary, that central counterparty, and we  
24 talked about blockchain that's something that can allow  
25 two parties to interact without a central counterparty,  
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1 the central counterparty is that correspondent bank. We  
2 can democratize banking by allowing a financial  
3 institution and another financial institution to  
4 transact directly without having that chain and that  
5 trust that goes through the chain today. So we, today,  
6 work with banks, including SCB, to enable fiat-to-fiat  
7 transactions, do real-time fiat-to-fiat transactions,  
8 using existing what are called prefunded accounts,  
9 nastra and bastra (phonetic) relationships.

10 We just started rolling out another product  
11 that allows you to use XRP as part of those payment  
12 flows. We've announced five or six customers using XRP  
13 for those payment flows into Mexico particularly,  
14 Mexican peso. We certainly think this is just the  
15 beginning. If you can offer a cheaper product -- excuse  
16 me, a better product at a cheaper price, I think you're  
17 going to see a lot of people adopting that as a  
18 solution.

19 MALE SPEAKER: So at the end of the day,  
20 without -- as you said, not needing to know the  
21 technology, the problem you're trying to solve is just  
22 cheaper, faster, more secure payments?

23 MR. GARLINGHOUSE: Right. I mean again, I  
24 don't know the details of SCB specifically, but a bank  
25 like SCB will often have 100 or more correspondent  
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1 banking relationships where they have parked capital  
2 around the world. They will hold capital in dollars,  
3 Mexican pesos, Filipino peso, Singapore dollar. And  
4 that cross-border transaction is about 70 percent of  
5 Thai's GDP, Thailand's GDP touches cross-border  
6 transactions. To enable those transactions, you then  
7 use those prefunded accounts to debit and credit. And  
8 that is basically how correspondent banking works today.

9 Our view is simply when you SCB, as an  
10 example, parks capital in, let's say, the Mexican peso,

11 that's dormant capital. It's sitting there. How can we  
12 make it more active? If we can enable a real time  
13 payment instead of a prefunded payment, we can actually  
14 accelerate the global engine of commerce. That's good  
15 for banks. That's good for bank customers. We think it  
16 fundamentally -- the architecture that we depend upon  
17 today that was built 70 plus years -- excuse me, in the  
18 70s, needs a full upgrade to really an age of the  
19 internet.

20 MALE SPEAKER: So by its very nature, an  
21 international payments company has to be international  
22 in terms of its strategy. What is Ripple's global  
23 strategy, particularly as it pertains to Asia, because  
24 you have a joint venture in Japan, you're collaborating  
25 with us here in Thailand. I know you have offices in  
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1 Singapore and in India, and you've probably already done  
2 a few things over lunch that I don't know about.

3 (Laughter) So what is your grand plan to sort of  
4 dominate the world?

5 MR. GARLINGHOUSE: (Laughter) Well, step one  
6 of dominating the world is make sure that we're keeping  
7 our customers very happy. We've been really fortunate.  
8 We're signing up more than a customer a week now. We  
9 haven't even really talked about -- we focused mostly on  
10 banks. One of the other dynamics here is you have a  
11 whole next generation of digital providers. These are  
12 the PayTMs, the Lin-Lin Pays, the OlliePay, even the  
13 PayPals. And when we think about it, it's how do we  
14 make all of these interoperable through a next  
15 generation set of technologies.

16 And so when I think about our international  
17 strategy, we've been incredibly fortunate. We now have  
18 over 60 banks we work with in Japan through a joint  
19 venture in Japan. We have banks throughout Southeast  
20 Asia, including SCB, we're fortunate to be working with.  
21 Last week or maybe the week before, we signed up some of  
22 our first banks in Brazil with Itao and Becks Bank  
23 (phonetic). A few weeks before that, we signed up  
24 Lin-Lin Pay in China as one of the digital wallet  
25 players. So look, by nature of what we do, we're a very  
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1 global company. We certainly have customers around the  
2 world and employees around the world, also.

3 MALE SPEAKER: Great. Now, until recently,  
4 Ripple has been a name that's largely known in tech  
5 circles and blockchain circles and banking circles but  
6 probably very little public awareness. And then in  
7 December, we just see this tremendous runup in all  
8 cryptocurrency prices and now, all of the sudden,  
9 everyone and their grandmother is talking about Ripple's  
10 XRP and how they can get some. What do people not  
11 know -- what should people know about XRP? What are the  
12 great misunderstandings about the token and what its

13 place is in the blockchain world?  
14 MR. GARLINGHOUSE: Well, I guess two things I  
15 would say are misunderstandings. First of all, I would  
16 say for everyone's benefit, there is a lot of  
17 misinformation out in the marketplace, not just about  
18 XRP, but about digital assets broadly. If you're  
19 interested in participating in the digital asset space,  
20 do your homework. There's a lot of misinformation. I  
21 would say there's a lot of religion almost about this  
22 space, and where you have people who believe in God and  
23 people who don't believe in God. For XRP, I would say  
24 the two biggest misconceptions, one is people describe  
25 it as a centralized technology. That's just not true.

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1 XRP is a decentralized technology. Anyone in  
2 this audience can go and download the open source  
3 technologies that allow you to run a validator. The  
4 other important measure I think is if Ripple the company  
5 went away, XRP, the XRP ledger would continue to exist.  
6 So the first misconception is XRP is absolutely  
7 decentralized, you know, actually, even in contract, I  
8 mean there's some evidence that it's, in some ways, more  
9 decentralized than some of the ones that are called  
10 decentralized.

11 The second misconception is that oh, well,  
12 Ripple, the software company -- Ripple, the company  
13 selling solutions to banks and payment providers, Ripple  
14 could be successful, but XRP would not be successful.  
15 Look, at our core, our goal is to develop an incredibly  
16 healthy XRP ecosystem. We own about 60 percent of all  
17 XRP. I am the most interested person, as CEO of Ripple,  
18 in making sure the XRP ecosystem is successful, making  
19 sure that not just Ripple is successful building tools  
20 to leverage the liquidity and leverage the velocity of  
21 XRP, but also looking at other use cases to leverage the  
22 XRP ledger.

23 We've started to do some of those, you know,  
24 even some of the things you talked about earlier around  
25 providence, around identity, there's lots of examples

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1 where the XRP ledger could be leveraged very effectively  
2 for that. And so we will continue as a company to  
3 invest in support and partner with companies going after  
4 those other vertical use cases.

5 MALE SPEAKER: So if you had a man on the  
6 street approach you and who's obsessed about I just  
7 bought a whole stack of XRP and I want to see it climb X  
8 thousand percent, what would you say to that person  
9 about Ripple in general? It's like I know you probably  
10 want him to get off the price of XRP (laughter) --

11 MR. GARLINGHOUSE: But --

12 MALE SPEAKER: -- what would you say? How  
13 would you redirect their focus?

14 MR. GARLINGHOUSE: It's not even so much I

15 would get them off the price, it's that look, if you are  
16 engaging in any digital asset speculation, if you're  
17 doing it because you're trying to get in and out, like  
18 you're not -- I'm not interested in that. One of the  
19 things I say internally at the company is I don't check  
20 the price of XRP every day. I don't check it every few  
21 days. For employees at Ripple or even people in the  
22 ecosystem, I don't think about the price every three  
23 days or three weeks or three months.

24 What Ripple is doing in enabling in internet  
25 of value, this is a three-plus-year journey. What I

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1 know for certain is if we can continue to build a  
2 momentum of customer usage that continues to drive the  
3 velocity and demand for XRP over a three-plus-year  
4 timeframe, I feel very comfortable about the opportunity  
5 to continue to grow the value of the XRP ecosystem,  
6 which is good for all of the participants in the XRP  
7 ecosystem.

8 Ripple has not -- unlike some of the other  
9 players in the crypto space, we have focused on an  
10 institutional use case, and some of the runup you were  
11 describing that happened last December, I think was in  
12 part driven because XRP was kind of unknown. We weren't  
13 focused on speculators. We weren't even listed on most  
14 exchanges.

15 For many markets, it's actually hard to buy  
16 XRP, and people say Brad, why aren't you solving that.  
17 And I say I'm not trying to solve a speculator's  
18 problem, I'm trying to solve an institutional problem.  
19 I'm trying to solve a problem that is measured in the  
20 trillions of dollars, that is focused on payment  
21 providers and banks. And while the gentleman on the  
22 street I might bump into, if he or she is interested in  
23 the long-term value creation, then I view them as part  
24 of the journey and I want to give a big hug, at least  
25 take a selfie with them.

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1 MALE SPEAKER: (Laughter) Okay, then. I'll  
2 ask you about the price and then we'll get our selfie.  
3 So let me get back to a little bit more on sort of the  
4 public awareness and perception of Ripple. And I think  
5 you address some of that, but there are a lot of these  
6 Bitcoin and blockchain purists. One of the comments  
7 that I get when I talk to a lot of these folks are that  
8 oh, well, you know, Ripple's not -- they're not real  
9 blockchain because they're not public.

10 MR. GARLINGHOUSE: Yeah.

11 MALE SPEAKER: Part of it's decentralized, but  
12 it's not enough to be decentralized. But you need to be  
13 a public blockchain.

14 MR. GARLINGHOUSE: Yeah.

15 MALE SPEAKER: And oh, well, you know XRP will  
16 never displace Bitcoin as a cryptocurrency.

17 MR. GARLINGHOUSE: Yeah.

18 MALE SPEAKER: You know, what do you -- what  
19 are your thoughts on that?

20 MR. GARLINGHOUSE: Yeah.

21 MALE SPEAKER: Is there any merit to that at  
22 all or just --

23 MR. GARLINGHOUSE: Oh, there's a lot of merit  
24 to some of that. Look, I'll tell you a quick story, my  
25 background. One of the first banks that Ripple

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1 signed -- so today, we have a product in the market  
2 that's -- we're releasing Version 4. When we launched  
3 Version 1.0, which is always an exciting time for a tech  
4 company, you release a product; it's Version 1.0. We  
5 launched that product, we were partnered with one of the  
6 largest banks in the Middle East, and we went to market  
7 and we went live. And we got a call from a very upset  
8 Middle Eastern banker saying wait a minute, people can  
9 see my transactions. I don't want people to see my  
10 transactions.

11 So look, blockchain is powerful and a public  
12 ledger can be leveraged to make transactions, but  
13 banks -- I mean if every SCB transaction was written to  
14 a public ledger, would SCB be excited about that? The  
15 answer is no, I'll tell you very certainly. The nature  
16 of how we have evolved our technology, yes, some of  
17 it -- XRP is a public, open ledger. A different part of  
18 Ripple's technology that connects banks to the liquidity  
19 solutions, these are private -- think about it almost as  
20 a private temporary blockchain between two banks that's  
21 cryptographically signing the transaction, holding it in  
22 escrow and releasing it at the same time, so you never  
23 have a situation where a transaction doesn't complete.

24 But the point I would make is those who  
25 espouse this idea of, look, all transactions should be

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1 open, I look at that and I think that is not the real  
2 world. We can talk about the origins particularly  
3 around Bitcoin, and to some degree, other tokens has  
4 been this idea of hey, we're going to circumvent  
5 governments. We don't want the government involved.  
6 We're going to circumvent banks. Look, Ripple, we come  
7 at it from exactly the opposite point-of-view.  
8 Governments aren't going away; by extension, banks are  
9 definitely not going away. We can enable banks to  
10 enable an internet of value.

11 If you want to enable an internet of value,  
12 you have to connect the repositories of value. The  
13 repositories of value are the banks. We want to work  
14 with the banks, with financial institutions, with  
15 payment providers, with Lin-Lin Pay or PayPal or fill in  
16 the blank, to dramatically accelerate the nature of how  
17 payments occur today and reducing that friction.

18 MALE SPEAKER: Exciting. Now, for me, what's

19 amazing about Ripple, particular when we as SCB were  
20 looking at it a couple of years ago is not just what  
21 Ripple is doing as a blockchain infrastructure company  
22 in the payment space, but your vision beyond financial  
23 services. So can you tell us a little bit about what  
24 the inter ledger protocol is --

25 MR. GARLINGHOUSE: Sure.

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1 MALE SPEAKER: -- and what Ripple's vision for  
2 it?

3 MR. GARLINGHOUSE: Yeah. So as Paul has said,  
4 I don't think you have to understand all of the  
5 technology behind all of these things and how they work  
6 in order to participate in the blockchain ecosystem, one  
7 of the core technologies behind what Ripple is building  
8 is called the inter ledger protocol. The premise here  
9 is the idea that there won't be one ledger to rule them  
10 all, so we need to think about interoperability between  
11 ledgers.

12 The ledger -- you know, enabling  
13 interoperability between Lin-Lin pay and SCB's ledger,  
14 enabling the interoperability between the SCB's leger  
15 and the Australian stock exchange. And the idea is how  
16 do we switch these together. The idea that one ledger,  
17 there'll be one blockchain to rule them all, you'll  
18 almost never hear me say the blockchain. I'll refer to  
19 a blockchain because there's many blockchains today.

20 There's going to be more blockchains. We need  
21 to enable them to interoperate in a very seamless way,  
22 so today, we sell technologies that leverage the inter  
23 ledger protocol to connect different ledgers. That  
24 includes the Bitcoin ledger. That includes the Ethereum  
25 ledger. That includes the Hyper ledger. We want to

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1 make sure that our technology, in some ways like TCPIP,  
2 TCPIP is the underlying technology of the internet of  
3 information. We see the inter ledger protocol or ILP as  
4 the open source technology that underpins the internet  
5 of value.

6 We're selling connectors between bank ledgers  
7 and financial institution ledgers and ILP and enabling  
8 them to use that technology to transact in a trusted way  
9 in real time.

10 MALE SPEAKER: And what value does that create  
11 to the blockchain space, versus not having that inter  
12 ledger protocol?

13 MR. GARLINGHOUSE: Well, I think the big value  
14 is the interoperability piece. You can hold a Bitcoin  
15 and transact it over to -- hypothetically to the B of A,  
16 the Bank of America's ledger. I think about -- our goal  
17 around internet of value is how do we reduce friction  
18 across all of these different use cases? It's really  
19 hard to think about the science fiction of 20 years from  
20 now if you can reduce value -- excuse me, if you can

21 reduce friction to move value between any transaction,  
22 not just for corporate use cases where it's 1,000 or  
23 10,000 but a penny.

24 I mean think about back to science fiction,  
25 today, the only efficient way for you and I to transact

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1 for a nickel, I don't know what the equivalent is in  
2 bot, but a nickel is for me to hand it to you. That's  
3 kind of a crazy thing. There's no other way to  
4 efficiently move a nickel? Do we not think in an  
5 internet of things, an internet of connected devices,  
6 some of those devices are going to be economic actors.  
7 Some of those devices are going to be able to pass  
8 transactions. There are going to be micropayment needs  
9 that our existing financial infrastructure cannot  
10 support, and this is an example where the inter ledger  
11 protocol could enable this for virtually zero cost to  
12 enable transactions between ledgers.

13 MALE SPEAKER: And I imagine that opens up a  
14 broad new world of the economy once we start talking  
15 about micropayments, we started talking about financial  
16 inclusion, we start talking about including populations  
17 that don't get to participate, not just in the financial  
18 system, but probably even the information system at  
19 large --

20 MR. GARLINGHOUSE: Sure.

21 MALE SPEAKER: -- and we'll probably touch a  
22 little bit more on that when David's up here.

23 MR. GARLINGHOUSE: Absolutely.

24 MALE SPEAKER: So let me ask, Ripple's had  
25 experience engaging with governments and regulators the

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1 world over, can I ask you what are some of the most  
2 common concerns and fears that are almost universal  
3 across all of these regulators that you've spoken to?  
4 And do you have any advice or words of wisdom or just  
5 thoughts that you could share with the regulators that  
6 might be in this audience about how they might start  
7 thinking about or engaging with blockchain in such a way  
8 to allay those fears?

9 MR. GARLINGHOUSE: I want to answer this in  
10 two different ways. The first is back to my comment  
11 earlier, there is a lot of misinformation. There are --  
12 unequivocally, there are digital assets that were  
13 designed specifically for anonymity. They were designed  
14 to circumvent regulators. They were designed to  
15 circumvent governments. Not all digital assets are  
16 created the same. When I look at how an XRP  
17 transaction -- back to our conversation earlier about  
18 funding liquidity between different currencies, every  
19 transaction we enable is through a regulated end point.

20 So what happens is I'll go and talk to  
21 regulators around the world, and the first six or seven  
22 minutes of the meeting, they're leaning in and you can

23 tell they're ready to pounce. We're want to crush this  
24 guy. He's the bad -- you know, there's crypto and  
25 they're enabling things we don't want to enable. And  
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1 once you explain to them no, no, no, hold on, there  
2 isn't regulatory uncertainty. Right? One of my little  
3 things I get some humor out of is I hear people in the  
4 crypto space talk about regulatory uncertainty, and I  
5 think what does that mean. More often than not, what  
6 that means is I disagree with the regulatory certainty,  
7 so I'm going to call it regulatory uncertainty.

8 When we look at a transaction through XRP,  
9 it's going through an end point that's doing a KYC  
10 check, back to your comment earlier, know your customer,  
11 it's doing an AML check for money-laundering. It's  
12 doing BSA. The transaction is happening from one  
13 regulated end point to another regulated end point,  
14 regulated sometimes by, you know, the Thai central  
15 government or the U.S. central government. But these  
16 are not transactions where we're trying to solve a use  
17 case around anonymous drug dealing or, you know,  
18 whatever the other use cases may be. And so what I  
19 would say to regulators globally is don't assume because  
20 you were introduced to digital assets through an article  
21 about Silk Road or Alphabay that we should throw the  
22 baby out with the bath water.

23 When I hear people talking about banning  
24 cryptocurrencies, I think whoa, whoa, whoa hold on a  
25 second. They're not all 1,500 are created equal, and  
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1 certainly there are examples that I think are  
2 inappropriate and governments should intervene, and that  
3 includes with ICOs, but there's also examples where we  
4 can work with the institutions. We can work -- I mean  
5 the thing I've been fond of saying is the blockchain  
6 revolution is not going to happen from outside the  
7 system. It's going to happen from within the system.  
8 By working with the system and adopting these  
9 technologies, we can accelerate the speed, reduce the  
10 cost and make financial services available to customers,  
11 who couldn't access it before, as you mentioned in terms  
12 of the under banked or the unbanked, but also just for  
13 use cases we haven't even thought about.

14 If you accelerate the speed and reduce the  
15 cost, you're going to see lots of interesting use cases  
16 pop up.

17 MALE SPEAKER: So this actually brings us back  
18 to the whole issue that we put on pause on ICOs. We're  
19 talking about cryptocurrencies. We're talking about  
20 ICOs. And it strikes me that, you know, it's not a  
21 black and white issue. If I were to ask you is it good;  
22 is it bad, my guess is that it would be it's a very  
23 strong it depends.

24 MR. GARLINGHOUSE: Well, I might surprise you

25 a little bit on that. I think it mostly is bad.

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1 MALE SPEAKER: Okay.

2 MR. GARLINGHOUSE: I mean there are  
3 exceptions, but to every rule, there's an exception, so  
4 I think -- look, I'm not popular for saying this in the  
5 crypto community, Ripple has often taken a contrarian  
6 viewpoint in working with the banks and working with  
7 governments. I think a lot of the ICOs, and I would say  
8 certainly over half and maybe as many as 90 plus percent  
9 of these ICOs, I don't understand what the real use case  
10 is of the token. And if there's not a real use case,  
11 it's really a securities offering. And if it's a  
12 securities offering, there's not regulatory uncertainty.  
13 It should be regulated as a securities offering.

14 So look, again, I recognize that many people  
15 may disagree with that, but some people forget why  
16 regulations have evolved in the securities issuance.  
17 It's because there was a lot of fraud. There was a lot  
18 of people taking advantage and preying upon investors.  
19 In some ways, what's happening with ICOs is making angel  
20 investing more accessible.

21 Well, angel investing has historically been  
22 hey, someone I know and someone I trust is building a  
23 business, and I want to invest in that. But when I hear  
24 someone in Bangkok buying an ICO for a company in Miami  
25 that is doing who knows what, I think how do you know

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1 that they're not going to take all of that value in  
2 their ICO and go surfing for the next three years?

3 MALE SPEAKER: Well, and I mean, you know if  
4 I -- I, I think there was some really recent numbers  
5 that came out of Bitcoin.com or Bitcoin News that said  
6 that of 900 ICOs over -- since the beginning of 2017, 46  
7 have failed, 46 percent have failed, meaning that either  
8 they failed to raise the money or the companies went  
9 under after they raised the money.

10 MR. GARLINGHOUSE: Or the company had already  
11 gone under and they raised the money anyway.

12 MALE SPEAKER: And they raised the money  
13 anyways and that another 13 percent are near failure,  
14 meaning that they've raised money and then, all of the  
15 sudden, they've closed down their websites, shut off  
16 communications and are not responding to investors  
17 anymore. So we're talking about a 59 percent garbage  
18 rate.

19 So I understand that the great majority of  
20 ICOs are garbage. I think there probably are a lot of  
21 advocates in the community that feel the same way, that  
22 there are a number of bad actors. Do you feel that --  
23 does a negative sentiment also apply to the process or  
24 concept of ICOs? Meaning using -- you know, finding a  
25 way to digitize the capital market system.

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1       MR. GARLINGHOUSE: Well, that's a whole  
2 different animal. I mean can blockchain, as a core  
3 technology, help manage and track the issuance and sale  
4 and trading of securities? 100 percent. And there are  
5 interesting companies. I mean where Ripple is focused  
6 on being a payments company, there's other companies  
7 using blockchain to solve a securities problem. I think  
8 one of the most prominent globally is called digital  
9 asset holdings. It has a pilot going on at the  
10 Australian stock exchange to do exactly that. The fact  
11 that it takes often two plus days to settle a securities  
12 transaction, again, back to my you've got to take my  
13 \$10,000 and fly it there, like wow, two days to settle a  
14 securities transaction, that's crazy.

15       So I think yes, blockchain can be used to  
16 solve securities. For blockchain to issue a new kind of  
17 security that somehow is not going to be regulated the  
18 way a securities issuance is regulated, that's where I  
19 start to be very suspect. The other thing I'll just say  
20 very briefly, when I have spoken out about this, some  
21 people say oh, that's a very US centric point-of-view.  
22 You know, I hear that and I think does that mean that  
23 regulators elsewhere in the world don't care about their  
24 consumers? That's just ridiculous.

25       Yes, the U.S. might be more strict and more

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1 stringent in various ways, but I am certain that the  
2 Thai SEC is very concerned about fraudsters who are  
3 trying to take advantage of citizens here in Thailand in  
4 an uneducated way, investing in things they don't really  
5 understand and isn't really giving them a security. So  
6 I think that you're going to see regulators in 2018  
7 continue to be stricter and stricter around ICOs, and I  
8 think that's super appropriate.

9       One last sentence on this, I think what's  
10 holding back the whole blockchain industry are  
11 examples -- I think the ICO industry has been bad for  
12 blockchain. Wow, like that seems like a crazy  
13 statement. If we want to be -- if we want to solve real  
14 problems for real businesses at scale, what's going on  
15 in these other examples, it's just -- it's a sideshow.  
16 The blockchain industry has to grow up and realize  
17 regulators matter. We can't just ignore regulation. We  
18 need to embrace and engage and, in some cases, educate  
19 regulators. I mean I think your original question was  
20 how would I educate regulators, but I'll leave my rant  
21 at that.

22       MALE SPEAKER: Okay. No, I mean and just to  
23 throw in one last word on really just trying to almost  
24 legitimize -- not legitimize but really move ICOs more  
25 towards a paradigm where they become a means of access

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1 to the capital markets, I was just reading an article,  
2 just yesterday that the city of Berkeley in California

3 is looking at an ICO as a means to issue municipal  
4 bonds. So they're really -- not so much because they're  
5 trying to create a new type of security, but they're  
6 looking for a way to cut through all of the process  
7 and --

8 MR. GARLINGHOUSE: Yeah.

9 MALE SPEAKER: -- all of the inefficiencies  
10 that come with municipal bond issuance.

11 MR. GARLINGHOUSE: And look, there are plenty  
12 of examples where you have regulation kind of run amuck,  
13 like too much red tape, but again, we can't forget that  
14 there's a reason why those exist, and they exist to  
15 protect investors and to protect companies. I think  
16 another thing people forget, if you are an entrepreneur  
17 thinking about issuing an ICO, save some of the proceeds  
18 for your legal bills because there are lawyers who are  
19 going to prey upon the uncertainty of what -- is that a  
20 security, and they're going to issue class action  
21 lawsuits. And if someone loses money on the token you  
22 issued, assume that lawyers are going to come, and this  
23 is has already happened in a couple of examples where  
24 the entrepreneurs behind a token issuance are personally  
25 being taken to court and sued for damages.

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1 MALE SPEAKER: Good. (Laughter)

2 MR. GARLINGHOUSE: That's not good.

3 MALE SPEAKER: Not good for you guys, but  
4 it's --

5 MR. GARLINGHOUSE: It's useful to understand.

6 MALE SPEAKER: -- it's a good -- it's good to  
7 get your opinion on that. So as we sort of approach the  
8 finish line, I want to say this last question to really  
9 step away from Ripple and from FinTech and really talk a  
10 little bit -- again, a little bit about your past, for  
11 those of us that have followed the Marissa Mayer era of  
12 Yahoo, where I know that you were a senior executive in  
13 2006, we're very familiar -- those of us who are very  
14 familiar with the Peanut Butter Manifesto that you  
15 penned in your time at Yahoo, can you share with us,  
16 especially those that aren't familiar with what I just  
17 spouted out, what the Peanut Butter Manifesto is and are  
18 there lessons that banks, startups, corporations here  
19 can draw from that?

20 MR. GARLINGHOUSE: Yeah. So this is awhile  
21 ago, you're dating me a little bit. It's 2006. I was a  
22 senior vice president at Yahoo and I was frustrated by  
23 what was going on at Yahoo, and I felt like we'd kind of  
24 lost our way from the glory days of Yahoo, early on.  
25 And I described our allocation of investment inside the

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1 company as spreading peanut butter across many different  
2 things. We were partly a search company and partly an  
3 email company and partly a sports company and partly a  
4 fill in the blank. And my point -- and I'd say this is

5 true for any company of any size, you have to know what  
6 problem you're trying to solve, and you need to be laser  
7 focused on that problem. I think Yahoo kind of lost its  
8 way with this peanut butter problem of trying to be all  
9 things to all people.

10 I think there are important lessons there to  
11 be applied in the blockchain space. When I got to  
12 Ripple, we were pursuing three different verticals:  
13 digital identity, you talked about, cross-border  
14 payments, and one other one I'll leave aside. And one  
15 of the first things I said is, "You guys, we are a small  
16 startup. We can only do so many things. We're going to  
17 focus on one." Now, we had our own smart contract  
18 technology back then called Codius (phonetic). This  
19 predates Ethereum. Now, you could look back and say  
20 Brad, you really screwed up. You should've focused on  
21 that smart contracts thing. (Laughter) Maybe that's  
22 true. My point really is I think having focus, having  
23 clarity of what problem you're solving is incredibly  
24 important. And I think in the blockchain space, that's  
25 as important as any others.

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1 I have been not shy about pointing out that  
2 the Hyper Ledger web -- the Hyper Ledger Wikipedia page  
3 talks about over 140 different use cases of Hyper  
4 Ledger's technology, 140 different uses cases, that is  
5 peanut butter times -- I don't know, I need some other  
6 metaphor. I think you have to say look, we're going to  
7 focus on a few things; for Ripple, that's payments. And  
8 I compare that to when Amazon started, they were a books  
9 company. I mean again, I'm dating myself, but in 1997,  
10 Amazon was not called Amazon. It was called Amazon  
11 Books. They competed as a bookseller. They got very  
12 good at selling books, and then they entered another  
13 vertical and another vertical and another vertical and  
14 they grew and grew and grew.

15 I think about what Ripple is doing with  
16 blockchain is our first vertical is payments. If we  
17 want permission to work on another vertical, we have to  
18 nail it for our customers in payments and solve a really  
19 big problem, and if we do that well, we're going to be  
20 in a great spot.

21 MALE SPEAKER: Awesome. Brad, I think we're  
22 just about out of time. It looks like we might have  
23 time for one question. There seems to be a lot of  
24 questions that are bubbling out here. I can't read it,  
25 is there -- is there (crosstalk) --

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1 MR. GARLINGHOUSE: I get it.

2 MALE SPEAKER: -- is there anything here that  
3 you might want to try and tackle?

4 MR. GARLINGHOUSE: Well, Ripple is not public  
5 blockchain; how does Ripple have high security? Ripple  
6 is a -- the XRP -- well, I guess that's true. Ripple is

7 not public blockchain, correct. Ripple is a software  
8 company selling solutions to banks. XRP is a -- is a  
9 public blockchain.

10 Ripple's technology and the cryptology that we  
11 use, you know, we've never had any intrusions. We've  
12 had, I think, over 30 million successful ledger closes,  
13 so we haven't had any issues. We take security  
14 extremely seriously. We happen to be fortunate to have  
15 some of the -- literally, the planet's leading  
16 cryptographers that work at Ripple, a guy named David  
17 Schwartz, who's extremely well-known in this regard. So  
18 we have high security because we invest in it.

19 MALE SPEAKER: Can we take the next one?

20 MR. GARLINGHOUSE: Yeah.

21 MALE SPEAKER: We have a few minutes. What's  
22 the next one up?

23 MR. GARLINGHOUSE: Aside from financial and  
24 cryptocurrency, what business sector will first adopt  
25 blockchain technology? You know, I'll take a little bit

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1 of a flier on this one. We talk about blockchain in the  
2 financial system because the financial system has lots  
3 of intermediaries, lots of central counterparties.

4 Well, if you extend your thinking a little bit around  
5 this, what are some other central counterparties? Well,  
6 one that you don't think much about is Dropbox. Dropbox  
7 is a central counterparty managing your storage. AWS  
8 might be a more enterprise version of the same. How  
9 could you disrupt Dropbox as a central counterparty for  
10 storage? There is an ICO which, you know, this is the  
11 exception to the rule, but there is a company called  
12 File Coin trying to do exactly that. I personally have  
13 no idea how it's going or if it'll be successful, but I  
14 think there will definitely be other business sectors  
15 touched.

16 I think like the internet, it's hard to  
17 predict all the different ways that blockchain is going  
18 to be used to change businesses. But anyone who is a  
19 central counterparty or intermediary, I think they  
20 should assume that blockchain technologies will touch  
21 them in one way or another. It doesn't mean they go  
22 away, it just means they're going to be impacted.

23 MALE SPEAKER: Interesting. I hadn't thought  
24 of Dropbox as a -- I saw them more as a disruptor, but a  
25 disruptor being disrupted, that's an interesting

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1 concept.

2 MR. GARLINGHOUSE: Maybe, I -- yeah, hard to  
3 predict.

4 MALE SPEAKER: Can we get one last quick  
5 question? I think we could probably squeeze in one more  
6 before time runs out.

7 MR. GARLINGHOUSE: I think this one's for you  
8 (laughter).

9 MALE SPEAKER: What is the direction of SCB  
10 and DB, are cryptocurrencies regarding BOT just  
11 announced regulation not accepted in Thailand. I'm  
12 going to say no comment (laughter) until I can talk to  
13 my boss. Okay. And I think we're going to leave it at  
14 that. So I'm going to say on behalf of SCB and DB, we  
15 are thrilled to have you with us on the stage. We are  
16 thrilled to be working with Ripple to not only  
17 revolutionize the Thai financial services industry but  
18 hopefully all industries that could be touched by  
19 Blockchain, so thank you very much.

20 MR. GARLINGHOUSE: Thank you, Paul. Thank you  
21 everyone. (Applause)

22 MALE SPEAKER: Okay. Thank you very much.

23 MR. GARLINGHOUSE: Thank you.

24 MALE SPEAKER: Thank you very much.

25 (End of video.)

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1 TRANSSCRIBER'S CERTIFICATE

2

3 I, Wendy Smith, hereby certify that the foregoing  
4 transcript consisting of 38 pages is a complete, true  
5 and accurate transcription of all matters contained on  
6 the recorded proceedings, Brad Garlinghouse CEO from  
7 Ripple, Digital Ventures Interview - YouTube, in the  
8 matter of RIPPLE, File Number NY-09875.

9 \_\_\_\_\_

10 Transcriber

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